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C O N F I D E N T I A L SECTION 01 OF 03 ISLAMABAD 002769

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E.O. 12958: DECL: 11/16/2019

TAGS: [PGOV](#) [PREL](#) [PREF](#) [EAID](#) [ECON](#) [MOPS](#) [PK](#)

SUBJECT: CODEL TIERNEY MEETS WITH PAKISTANI PRIME MINISTER
GILANI

Classified By: Ambassador Anne W. Patterson for reasons 1.4 (b, d).

11. (C) Summary: Prime Minister Gilani told CODEL Tierney November 11 that the Pakistani people were united in the fight against terrorism and supported military efforts in Swat, Malakand and South Waziristan. However, he noted the public was upset with Pakistan's failing economy, pointing out concerns about shortages of electric power, natural gas and sugar. Gilani said the military option was insufficient to combat militants, explaining that support for IDPs and reconstruction of war-affected areas played an important part in counter-insurgency. Representative Tierney thanked Gilani for Pakistan's fight against militants, adding that the United States is committed to the bilateral relationship and to transparent, long-term assistance. Representative Miller noted that the United States' success in Afghanistan depended on Pakistan doing well also. Gilani requested that Pakistan be consulted on U.S. policy changes in Afghanistan, but also stressed the need to have a strong bilateral relationship separate from a trilateral one including Afghanistan. He said he had reached out to Indian Prime Minister Manmohan Singh, but that Kashmir was a "speed brake" on improved India-Pakistan relations. End Summary.

Pakistan's Fight Against Militants

12. (C) In a November 11 meeting with a Congressional delegation led by Congressman John Tierney (see para 11 for list of participants), Prime Minister Gilani said that success fighting militants in Malakand and South Waziristan had led to terrorists attack across the country, as the terrorists are "feeling the heat." He said the terrorists were assassinating army and ISI leaders, and bombing police training camps, and even schools. Gilani requested equipment and training for law enforcement in settled areas, so they would be able to detect suicide bombers and vehicle-borne IEDs. He said that, even with the terrorist attacks the Pakistani people remained united in the war against militant groups. However, he said the Government of Pakistan (GOP) did face criticism over the economy, which has worsened with every attack. He explained that every time a bomb goes off, investment capital flees the country. He said that the GOP was under pressure to reduce electric power outages, end the rationing of natural gas, and ameliorate the sugar shortage. Representative Tierney thanked Pakistan for its sacrifices

fighting militants and stressed U.S. support for Pakistan and those affected by war.

13. (C) Gilani said that the military alone could not defeat the militants. Counter-insurgency campaigns also require assistance to those affected by war. He said the Malakand campaign was a success because the internally displaced persons (IDP) were able to return "not after 20 years, but only two months." He said the GOP provided each IDP family with income support and, through programs like the Border Trust Fund was reconstructing war-affected areas. The provision of infrastructure -- schools, bridges and roads -- was key to winning the hearts and minds of those in war-affected areas. Gilani planned to visit SWAT to assess the reconstruction and development needs there and to encourage provincial support for them. He said he had also established a Martyrs' Fund for orphans and widows of law enforcement and military personnel with initial funding of \$40 million, and suggested that a percentage of Fulbright Scholarships be reserved for war orphans. Gilani said the creation of Reconstruction Opportunity Zones (ROZ) could bring development to the border regions through trade development. Representative Tierney said that the ROZ legislation had passed in the House and was pending in the Senate, adding that he would work to ensure it was not derailed.

14. (C) Representative Tierney asked what steps Pakistan was taking to address human rights concerns related to the fight against militants. Gilani said the main concern was that

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Pakistan lacked adequate prison space for all the surrendering combatants. He said the U.S. had criticized Pakistan in the past for releasing suspected terrorists too quickly. He requested support for building additional, safer prisons.

Development Assistance and Pakistani Public Opinion

15. (C) Gilani said that development aid should pass through the GOP and local institutions. Representative Miller agreed that more aid needed to reach the Pakistani people and pass through the U.S. and Pakistani systems transparently. Gilani directed the Ministry of Finance to create a more transparent system. Minister of State for Economic Affairs Hina Rabbani Khar said her division had put in place a cell to track U.S. assistance monies as well as monitor and evaluate development assistance programs. She thanked USAID for its "change in focus" in deciding to move aid through the GOP. Gilani said that trade was as important as aid, and requested a free trade agreement (FTA) with the United States, as well as U.S. help in securing better market access for Pakistan to the EU. Khar concurred, suggesting that 30 years of aid has done little to move public opinion or help the economy, but that trade ties would. She said Pakistan wanted a trade agreement with the United States in the same vein as those the U.S. has with Oman, Egypt and Jordan.

16. (C) Gilani said that "many small gestures" could improve Pakistani public opinion towards the United States. He said investments in health, education, the power sector, and infrastructure would improve perceptions of the United States. He added that Secretary Clinton's engagement with the media, civil society and military in her recent trip to Pakistan made a difference. He also suggested that the USG "extradite" Dr. Aafia Siddiqui to Pakistan on humanitarian grounds.

17. (C) Representative Welch asked what steps Pakistan was taking to raise revenue domestically for its development needs. Khar acknowledged that the GOP had very low revenue collections, but added that the GOP was reforming its Federal Bureau of Revenue and introducing a value-added tax (VAT). She said that the GOP would raise its collections this year

from 9 percent of GDP to 10.6 percent, a significant increase given Pakistan's moribund economy and slumping manufacturing sector.

Afghanistan

¶8. (C) Gilani said it is in Pakistan's national interest to have a stable Afghanistan. Pakistan looks after 3.5 million Afghan refugees, many of whom are now "almost Pakistani," and some of whom have become terrorists. He said Afghanistan needed a stable government with public involvement from an independent media and civil society. Gilani requested that Pakistan be consulted on changes to U.S. policy in Pakistan. He added that he had very constructive talks with Secretary Clinton where they agreed on the importance of bilateral ties over trilateral ones with Afghanistan. Gilani said he did not like the "Af/Pak" designation, as Pakistan did not want to be "bracketed" with Afghanistan.

¶9. (C) Representative Kind asked for Gilani's thoughts on raising U.S. troop levels in Afghanistan. Gilani said that Pakistan had thought it unwise to add troops in the run-up to the Afghan elections, as it might have sent the wrong political signal. He said the United States should also consider its eventual exit strategy as it commits new troops. Gilani was concerned that a greater U.S. presence in Helmand could force militants to spillover into Balochistan. Defense Secretary Ali said that Pakistan did not have sufficient troops to patrol the Balochistan border, but that military coordination and U.S. military operations moving from north to south, rather than east to west, could reduce the

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spillover of militants. Ali added that "we all know" that India has "activities" in the region.

India

¶10. (C) Gilani said he understood the importance of maintaining high-level communication with India. He had planned to meet with Indian PM Manmohan Singh in Trinidad, but cancelled the visit to remain in Pakistan and deal with the controversy surrounding the proposed extension of the national reconciliation order (NRO). He concluded by observing that the dispute over Kashmir remained the "speed brake" on improving bilateral relations with India.

¶11. (U) Participants

U.S.

Representative John Tierney (D-MA)
Representative George Miller (D-CA)
Representative Peter Welch (D-VT)
Representative Ron Kind (D-WI)
Ambassador Anne Patterson
Andrew Wright, Staff Director (Majority), Subcommittee on National Security and Foreign Affairs
Scott Lindsay, Counsel (Majority), Subcommittee on National Security and Foreign Affairs
Christopher Hixon, Senior Counsel (Minority), Committee on Oversight and Government Reform
Major Louis Kangas, U.S. Army Liaison
Sergeant Keith McDonald, U.S. Army Liaison
Robbie Marks, Econoff (notetaker)

Pakistan

Prime Minister Yousuf Raza Gilani
Defense Minister Chaudry Mahmood Mukhtar
Interior Minister Rehman Malik
Minister of State for Economic Affairs Hina Rabbani Khar
Senator Sughra Imam
PM Private Secretary Nargis Sethi

Foreign Secretary Salman Bashir
Economic Affairs Division Secretary Sibtain
Defense Secretary Lt. General (ret.) Syed Atar Ali
PM Military Secretary Brigadier Nasir Dilawar Shah
Foreign Ministry Additional Secretary Attiya Mehmood
PM Principal Staff Officer Yousaf Nasseem Khokar
Acting PM Press Officer Mian Jahangir Iqbal

¶12. (U) This cable was drafted after CODEL Tierney left
Pakistan.
PATTERSON